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Economies in central delivery systems
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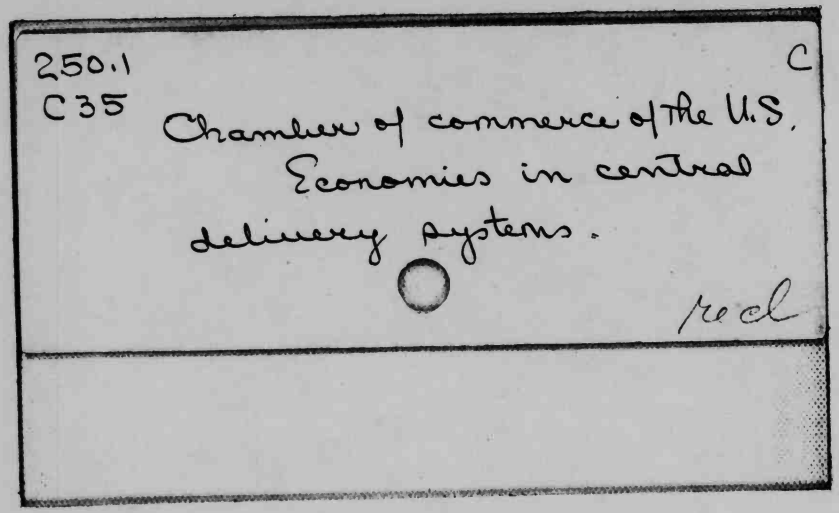

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Economies in Central Delivery Systems

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When two or more people are employed to do what one might do just as well, there is waste.

In a city or town where the merchants conduct their own deliveries, a situation exists which suggests an investigation to determine whether or not a more economical method may be adopted.

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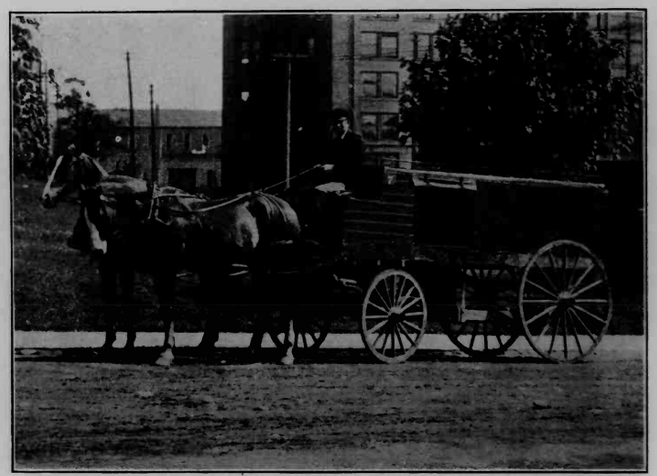
Economies in Central Delivery Systems

Almost every transaction which results in changing the ownership in a commodity requires the movement of the commodity from one place to another and this movement may be expressed by the word "delivery." In common use, however, the term is restricted to the delivery of merchandise over short distances, such as from a retail store to the address of a customer, or from a railway or steamboat to a store or warehouse in the same city; and it is in this sense that the word is applied in the following discussion.



Still the best kind for many places

According to the most authentic collections of figures retail deliveries conducted by individual store owners cost between .04 per cent and 3.0 per cent of net sales. Although these percentages are the minimum and the maximum it is not possible to know an average percentage, but a common percentage is

about 1.5 per cent. This establishes the cost of deliveries as an important factor in Distribution.

Almost every conceivable kind of transportation is employed in conducting deliveries, from the little boy, with or without a go-cart or a bicycle, to an expensive form of automobile. Consequently there are as many forms of waste to be found by analyzing the cost of deliveries as can be discovered in any other of the costs of doing business.

In this discussion we are not at all concerned with chain stores or their particular methods, but it is well to call attention to the fact that among the principal claims to economy which most of them offer is the saving accomplished by performing no deliveries. This defines the practice in another way and seems to place it naturally among stores which offer services rather than those which offer low prices for commodities of equal intrinsic value.

WAR ECONOMIES

During the years 1917 and 1918 the War Industries Board made very serious efforts to reduce the amount of deliveries performed by retail stores with the purpose of reducing the number of persons engaged in performing the work, thus freeing them for other service. A considerable effect was produced although probably it was not so great as it might have been had the war lasted longer; but it had the result of at least concentrating a good deal of intelligent thought upon the subject and various new forms of—or suggestions for economies in conducting deliveries have come into existence.

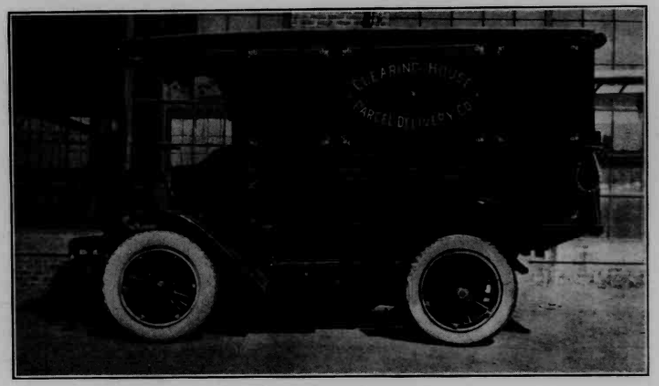
PARCELS-POST PLAN

Among these, a city postmaster performed the work through his parcels-post organization. It seems to have become a fixture and to be accepted as a satisfactory method not only by the retailers but by the customers who are served. Some surprise may be expressed that this practice has not been adopted more generally. A probable reason for the lack of enthusiasm which has been displayed toward it is due to differences in postmasters upon whom the initiative has rested hitherto; and in any particular instance the success of the plan can be promoted or marred by a display of interest or conversely by the local postmasters. Certain restrictions in the size and weight of the packages also work against the success of the parcels-post plan.

COOPERATIVE DELIVERIES

It has been the custom to describe almost all forms of centralized deliveries by the expression "cooperative" whether or no any cooperative character is displayed in the plan. There have been some instances of true cooperative delivery but the successful instances are comparatively rare, and it is necessary to examine the question very carefully in order to disclose the fundamental reasons why the principle of true cooperative delivery has not shown a more vigorous growth.

Foremost among these reasons is the failure to procure or to establish effective, economical management. In many cases it has been because of the smallness of the venture which is



One of the latest

inevitable in communities of inconsiderable size. This leads to haphazard methods since the cost of operation cannot support an experienced, successful and therefore highly paid manager. Instead, some merchant is selected to conduct the management or the management is taken over for short periods by different merchants in rotation. The latter method is particularly objectionable because it robs the plan of that important facttor,—a persistent and consistent policy.

In larger communities where the number of merchants would justify the permanent employment of a suitable manager, other obstructive conditions display themselves and may be described generally as a lack of "class spirit" among the local mer-

chants. Jealousy enters into it somewhat and the advertising value of a merchant's name on his delivery wagons is emphasized. Mutual distrust also shows itself in the fear that the drivers of the wagons will be subjected to influence and will act as solicitors for certain individuals who will pay them a commission or otherwise subsidize them for that purpose.

A difficulty most likely to be faced in the establishment of a cooperative system is the financial question. A comparatively large investment may be necessary in an enterprise which is without any possibility of other than a negative profit in the form of reduced costs; and with the unexpressed but nevertheless general fear that the enterprise may be unsuccessful and the investment nearly, if not actually, a total loss. We state these facts very plainly because of the advantage which will be experienced by anyone who contemplates the establishment of a cooperative delivery in being able to anticipate the objections which might be presented against it.

Another problem in establishing a cooperative delivery system has been the equitable absorption of existing equipment, much of which is found to be old-fashioned and inappropriate to economical operations. Unquestionably the most successful plan has been to arrive at the value of this equipment through an appraisal performed by disinterested parties. Some difficulty attends this, since certain of the merchants will lose most of the assumed worth of their property owing to its obsolete character. This may result in their refusal to join in the movement which of course, if enough of them are affected, will destroy the proposal in its infancy.

So far as can be judged there is no insuperable obstacle to the establishment of a cooperative delivery system even in communities of comparatively small size, *if* the idea is properly presented as a preliminary and an appropriate plan of operation is adhered to rigidly. Even if there is a comparatively unimportant reduction in the number of deliveries which take place daily, this is a practice based more upon habit than upon necessity or convenience, and the educational effort necessary to change the habits of customers is trivial when compared with the results.

PROPRIETARY PLAN

Most of the prosperous centralized delivery systems are proprietary in their character of organization and procedure. This might be expected, particularly in the United States where individual initiative is accepted so generally as the most effective method of conducting a successful business affair. "What is everybody's business is nobody's business" might be taken as the reason for lack of success among cooperative delivery systems, while on the other hand "If you want anything well done, do it yourself" will explain the comparative success of proprietary centralized deliveries. One interesting example grew from the desire of a sales manager to increase the use of the auto trucks in which he was interested, and up to the present time of writing the success of the venture appears unqualified. It has reduced the cost of deliveries materially and has proved acceptable to the community in which the operation is conducted. This, however, is an unusual instance and argues principally for the ingenuity and good salesmanship of the man who conceived it.

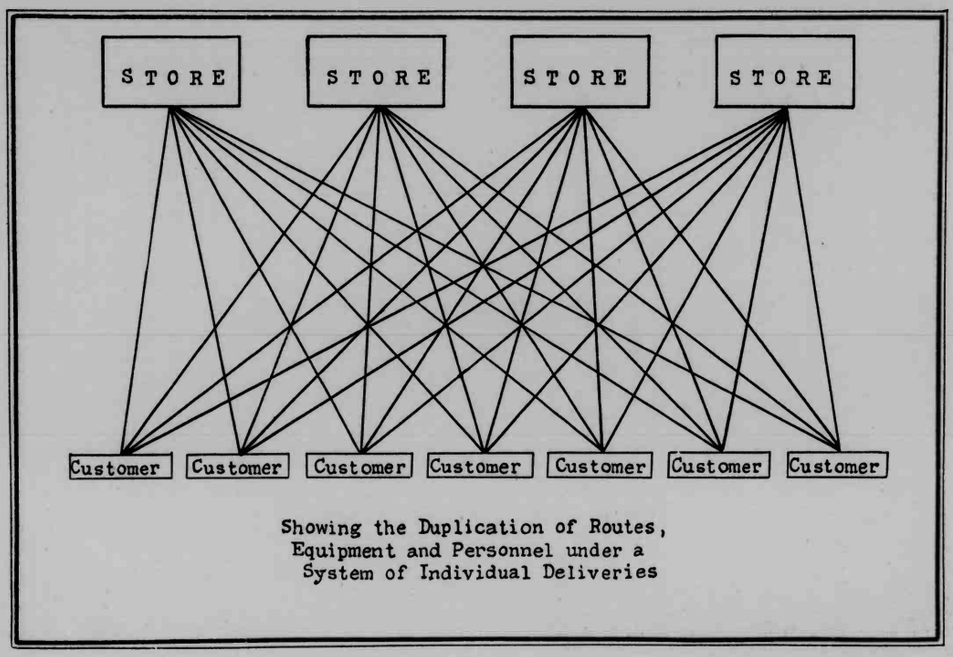
One might expect reasonably that an experienced trucking organization would form the most logical nucleus for a centralized delivery. Three reasons are found for this belief:

First, trucking firms already are experienced in conducting work of very much the same character and know the peculiar difficulties attending the collections and deliveries of merchandise for many different concerns.

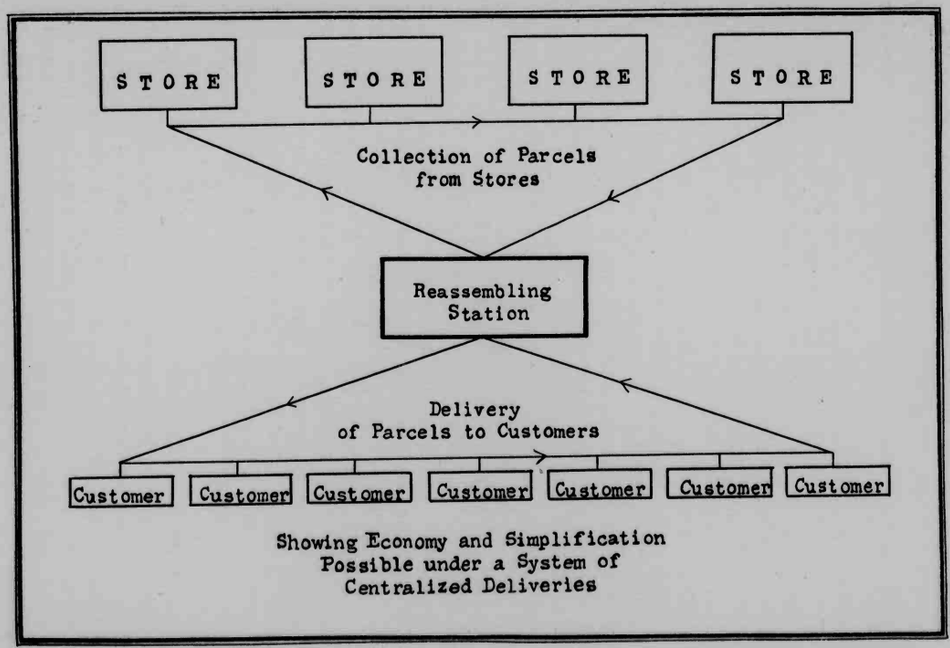
Second, almost all trucking organizations are provided with more or less complete warehousing facilities and it will be seen that a central station for reassembling the packages which have been collected is a necessary part of the system in which warehousemen already are supplied with all the facilities and experience necessary for the economical performance of the work. Also very probably it may be discovered that a suitably located warehouse will be found a great convenience by many retailers for the storage of their surplus stocks.

Third, it is but a short step from the work performed by a centralized delivery system to the collection of merchandise *consigned* to retail establishments and the delivery of this merchandise from the freight station and steamship docks to the consignee; and there is a logical extension of this service to include the collections and deliveries for wholesale establishments, since the problems involved do not differ materially from those prevailing in retail deliveries.

On opposite pages are shown in two charts, unexaggerated pictures of the duplications which are a necessary part of individual retail deliveries and the perfect simplicity displayed



Showing the Duplication of Routes,
Equipment and Personnel under a
System of Individual Deliveries



Showing Economy and Simplification
Possible under a System of
Centralized Deliveries

by a centralized delivery system. While it is true that every store does not deliver to all of the customers of all of the other stores, nevertheless, *one woman in a morning's shopping very easily can require deliveries from half a dozen stores, all of which would be performed in one delivery through a centralized system.*

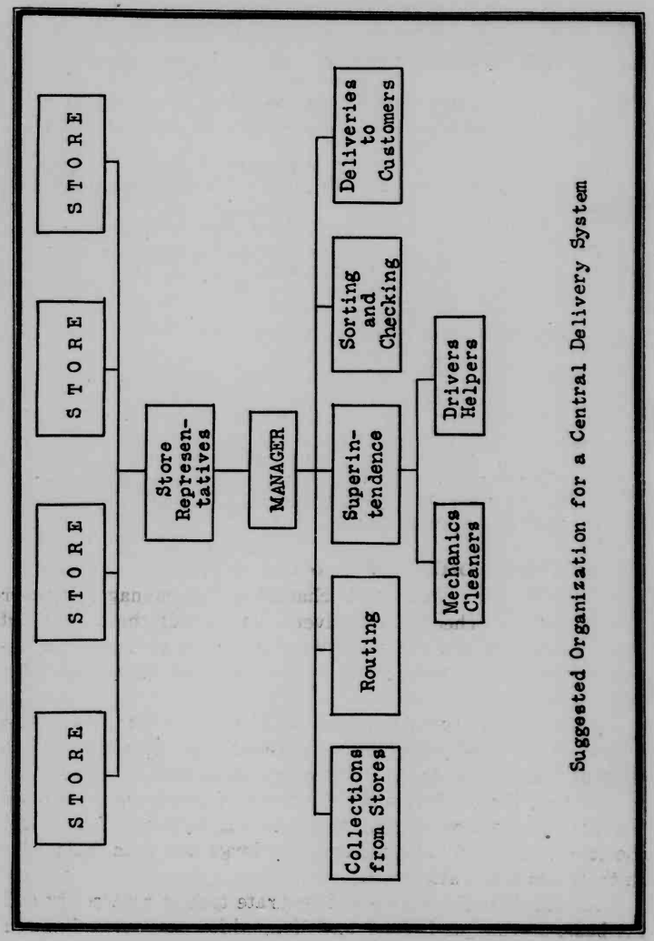
SOME PROBLEMS

There are many technical problems involved in a delivery system, as for example, the most suitable forms of vehicles for different conditions of distances, gradients, climate, pavements or frequency of stops. Few merchants are accustomed to study these problems or are so situated as to be able to utilize the studies individually even if they are made. On the other hand, in a properly conducted centralized delivery system these matters will receive attention and there will be enough varieties of service to perform to justify the use of many varieties of vehicle. In cities one illustration will suffice: Where there is a good deal of level ground and also some steep hills a merchant might find it impossible so to arrange his deliveries as to balance his fleet economically between the two conditions; but a centralized delivery with many merchants to serve would be able to apportion the best types of vehicles for each purpose with almost exact accuracy. Although it is possible to have an organization so large as to lose the expected economies of a centralized delivery, there is little danger of encountering any such condition, and even if it should appear, it can be arranged without difficulty by creating other organizations when the first has grown too cumbersome. An obvious and logical plan is to establish small local stations placed at considerable distances from the central collecting station and served by heavy trucks, operating at night, if necessary.

RELIEF OF CONGESTION

One of the most serious aspects of individual deliveries arises from the fact that the stores in large cities are located in the most congested parts and that as much of the space used for the sorting rooms and platforms as possible should be used for the display and sale of merchandise. In such instances, under a central delivery system, heavy trucks with a capacity equaling that of many small delivery vehicles would receive the goods directly from the wrapping room and the sorting would be done

for many stores at one central receiving house. No great emphasis is placed upon the relief to street congestion through this method although it is by no means unimportant.



Suggested Organization for a Central Delivery System

SOME ORGANIZATION DETAILS

It is impossible here to offer a plan of organization applicable to all cities because no two cities present the same problems. Certain considerations are common to all places, and usually applicable alike to cooperative and proprietary systems. They are:

All individual equipment should be appraised impartially.

All members should have the option of selling their equipment to the new organization at its appraised value.

A central station, in the larger towns or cities, where trade conditions are more or less complex is a necessity.

All details of the organization must be worked out carefully before operation begins which must include:

- Experienced management.
- Responsible drivers.
- Careful accounting.

A manager's principal duties are:

- Arrangement of routes.
- Redistribution of parcels to the routes.
- Collection and care of C. O. D. funds.
- Collection of payments from the members.
- Maintenance of harmony and cooperation among the members.

There must be a definite understanding that participating members shall make *all* of their deliveries through the organization.

SOME OPERATING DETAILS

Next to the character of the management the routing and scheduling of delivery vehicles is of the most importance, since upon it depends the value of the results. Intersections or inequality of routes tend to loss of time and too many deliveries per day will be ruinous.

Some ingenuity is required to adjust the forms to those which are in use by individual concerns and yet approach the general idea of standards. These are important considerations in avoiding the confusion which is apt to arise when many of the drivers are new to the work. In employment of this sort the turnover usually is comparatively large and such difficulties as these must be anticipated.

Accounting of a simple and accurate type is a necessity and the basis of charges is its foundation, which in Boston forms a

part of the contract under which deliveries are conducted. Although the system in that city is not strictly cooperative its scheme of "counts" is quite elastic and applicable to any kind of central delivery system.

CLEARING HOUSE PARCEL DELIVERY COMPANY

Merchandise	Counts	Merchandise	Counts
Parcels 1 to 15 lbs.	1	Baby carriages and go-carts	2 to 7½
Parcels 15 to 30 lbs.	1½	Cedar chests	5 to 7½
Parcels 30 to 60 lbs.	2	Mattresses	3½ up
Egg boxes	2	Bed springs	7½ up
Cartons (according to size)	2½ to 3½	Pictures	1 to 10
Peach baskets	1 Bean Bskt. 1½	Rugs	1 to 10
Bulk bundles (according to size)	2½ to 5	Linoleums (according to weight)	1 up
Crates (by size)	2½ to 10	Sewing cabinets	3½
Barrels (by weights)	3½ to 5	Sewing machines	5
Ash barrels	3	Trunks (empty) steamer	2½
Garbage cans	1½	Trunks (empty) medium	3½
Underground garbage cans	10	Trunks (empty) wardrobe	5
Wash boilers and Wash tubs	2	Typewriters	5
Gas stoves and Heaters.	1½ to 5	Rocking horses	3 to 7½
Ironing boards (with stand)	2	Sleds	1 up
Ironing boards (without stand)	1	Clothes reels	5 to 7½
Step ladders (by height)	2½ to 5	Graphophones (small)	2½ to 5
Ice chests (by size)	5 up	Graphophones (cabinet)	10
Arm chairs (by size)	5 up	Other bulk goods in proportion.	

CONCLUSION

A strictly cooperative method of central deliveries should, logically, improve many of the conditions under which individual deliveries are operated. Yet its success has not been encouraging if we are to judge, first, by the number of failures which have been recorded and, second, by the very few localities where it has been attempted as compared with the great number where it seems to be practicable.

Owing to the limitations in the dimensions of packages and to the general ineffectiveness of governmental methods, there is little or no hope that the parcels-post can be relied upon.

Every town and city contains one or more truckmen or trucking organizations which might constitute a nucleus for the formation of a central delivery system. This offers trained management of a permanent character while it creates no new competition, a decidedly objectional factor when it can be avoided.

Some additional investment would be needed but in many instances this would be trivial and in many other instances would be provided by the existing organization in consideration for a reasonably profitable contract.

No two localities are surrounded by the same conditions. Hence, an appropriate method in one place might be forbidden elsewhere. But there is a best method for each and the high cost of individual deliveries demands more attention than it has received.

OTHER PUBLICATIONS OF THE DOMESTIC DISTRIBUTION DEPARTMENT

***Merchandise Turnover and Stock Control**

Showing by illustrations, the seven reasons for working for increased turnover; how it may be accomplished; and how a proper control of stock reduces the amount of investment per dollar of net sales.

***A Commercial Tower of Babel**

This pamphlet gives examples of what can be done toward making stocks of goods more active by reducing the number of useless varieties. Illustrated.

Chain Stores

An interesting description of chain store methods and growth; what they can and can't do.

Trade Relations

What trade associations are doing to prevent misunderstandings among different groups and to make manufacturers, wholesalers and retailers understand each other's problems better.

Warehousing and Transportation Economies in Distribution

When and how public warehousemen can save money for distributors. Economies in car-load shipments, and benefits to retailers of having nearer sources of supply explained.

**These pamphlets should be read in connection with each other.*

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